MINISTRY OF HOUSING AND LANDS

25.1 Land Acquisition

The services of the Ministry of Housing and Lands (MHL) are resorted to by various Ministries and Government Departments for the acquisition of privately owned land, whether compulsorily or by private agreement, required for the implementation of Government projects. Acquisition is done within the legal framework of the Land Acquisition Act 1973 (LAA). For the last five years ending 30 June 2007, Government has disbursed some Rs 613 million for the acquisition of privately owned lands. Some of the projects had already been implemented on the land acquired but several others were still undeveloped.

- Interest paid on acquisition of private lands under the LAA amounted to Rs 21,076,003 for the last two years ending 30 June 2007. Payment of large sums of interest arose mainly for delay in delivery of award to the owner of land.

- The time taken for the delivery of the awards by the Board of Assessment (BOA) was long. As of August 2007, cases still pending at the BOA dated as far back as September 2003.

25.1.1 Land Acquisition for on-going Projects

Acquisitions were being made without a firm commitment to implement projects. There was a lack of planning and coordination among the different stakeholders involved in respect of land acquisition. Scarce resources at the MHL were being unnecessarily wasted because of projects being either cancelled or kept in abeyance.

As of August 2007, out of the 48 projects for the National Development Unit for which lands were required, only 18 held good, eight cancelled, seven completed and 15 kept in abeyance.

25.1.2 Land vested and not developed

Various portions of lands acquired by MHL since several years and vested in different Ministries were not developed. The role of MHL was restricted to follow the legal procedure of acquisition of land only. As of August 2007, some 215,918 m² of land acquired were not developed. Due to a lack of proper control and follow up by the Ministries, the state lands were lying idle for long period of time.

Fire Station at St Jean, Quatre-Bornes

The Quatre-Bornes Fire Station project dates as far back as 1976. A portion of land of an extent of 0A73 60/100 at St Jean, Trianon was acquired in March 1981 for an amount of Rs 550,000 from a company. Thirty years have elapsed since the inception of the project to construct a Fire Station and yet this is still located in the compound of a Local Authority. The plot of land acquired is lying idle.
Montagne Blanche – Fire Station and Middle School

The MHL acquired a plot of land of 5A in May 1998 for an amount of Rs 6 million from a Sugar Estate for the construction of a middle school and a Fire Station in the locality of Montagne Blanche. As of September 2007, the plot of land was not yet developed.

Construction of a Dispensary at Beaugeard Street, Port Louis

In November 1988, the Ministry of Health and Quality of Life (MOH) requested the MHL to acquire compulsorily the land of an extent of 605 m² on which Beaugeard Dispensary was situated, together with the existing building which was in a deplorable state. The land was vested in the MOH in January 1990 for the purpose of constructing a Dispensary. An amount of Rs 2,507,912 was paid for that acquisition. However, in November 2004, the site was found not suitable for the construction of a Dispensary.

Beau Climat – State Secondary School

In July 2000, the MHL acquired from a Sugar Estate, a plot of land of an extent of 12,662 m² (3A00) for an amount of Rs 2,470,426 for the construction of a New State Secondary School (SSS). The land was vested in the Ministry of Education and Human Resources (MOE) in July 2000. In June 2004, the MOE informed the MHL that no construction would be carried out. The land acquired which cost Government Rs 2,470,426, was still lying idle at August 2007.

Plaine-Verte – Medi-Clinic

In year 2003, a portion of land of an extent of 2,743.57 m², including a storeyed building was compulsorily acquired for an amount of Rs 11,879,205 and vested in the MOE for the construction of a primary school. Due to non-implementation of the project, the land was re-vested in the MOH for the construction of a medi-clinic in October 2006. No development has been done on this plot of land since its acquisition.

25.1.3 Sale Back of Land Compulsorily Acquired

The MHL decided, under Section 31 of the LAA, to sell back 31 plots of land for a total extent of 384,556.71 m² for 13 projects which were subsequently cancelled by the different Ministries concerned. The procedures for acquisition of the plots of land were initiated as far back as November 1998.

Construction of New Market Fair at Quatre-Bornes

A Local Authority decided to acquire a plot of land of an extent of 13 acres at St Jean for the location of a new market fair. In October 2006, the MHL informed the Ministry of Local Government that 14 contiguous portions of land of the aggregate extent of 11A69p have been compulsorily acquired under section 8 of LAA for implementation of the project.

Following Government decision in January 2007 not to implement the project, the MHL initiated action to sell back the fourteen portions of land under Section 31 of the LAA to the former owners.
All the efforts and time taken in identifying and acquiring privately owned land have therefore been wasted.

Construction of SSS at Piton

A portion of land of an extent of 12,663 m² situated at Piton was acquired from a private Société for the construction of a SSS. In July 2002, the MOE informed the MHL that the land acquired from the Société would no longer be needed.

It was only in April 2007, i.e after five years that the MHL has approved to sell back the land to the Société, under Section 31 of the LAA.

Notarial fees

During the year under review, an amount of Rs 122,833 was paid as notary fees in sell back. The Ministry could have avoided payment of notary fees by way of an agreement signed between the Government and the owner in order to make the compulsory acquisition of land by Government void. The Attorney General has given a ruling in that respect.

Conclusion

Land acquisition is a lengthy and time consuming process and is costly. Acquisitions are being made without a firm commitment to implement projects. The interest of the Government is not being safeguarded and Government funds are not being used efficiently and effectively.

The responsibility of the MHL should not stop when the land is vested in Ministries/Department, it should ensure that Government resources are used economically, effectively and efficiently. In view of the scarcity of land resources and of their high value, it is imperative that optimal use be made of the lands available.

25.2 Project Management

25.2.1 Infrastructure Works

A public company was executing contracts for the construction of housing units, site infrastructure and maintenance-related works on behalf of Government. As of August 2007, no formal agreement existed between the Company and the MHL that defines accountability and responsibility in project management. As of August 2007, the Service Level Agreement was still not finalised.

Expenditure incurred from capital votes and items of the MHL and from funds received from the Ministry of Finance and Economic Development under the Training and Empowerment Programme to finance four infrastructure projects are shown in Table 25-1.
Table 25-1 Expenditure on Infrastructure Works

<table>
<thead>
<tr>
<th>Project No</th>
<th>Contractor</th>
<th>Details</th>
<th>Contract Value (Rs)</th>
<th>Payment as of August 2007 (Rs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>X</td>
<td>Infrastructure works at Pointe-Aux-Sables A, B &amp; C</td>
<td>33,985,600</td>
<td>36,378,652</td>
</tr>
<tr>
<td>2</td>
<td>X</td>
<td>Infrastructure works at Camp Le Vieux</td>
<td>30,798,130</td>
<td>33,857,044</td>
</tr>
<tr>
<td>3</td>
<td>Y</td>
<td>Infrastructure Works at Trou-Aux-Biches</td>
<td>22,021,294</td>
<td>20,239,418</td>
</tr>
<tr>
<td>4</td>
<td>Y</td>
<td>Infrastructure Works at La Cure</td>
<td>24,966,312</td>
<td>23,256,518</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td><strong>111,771,336</strong></td>
<td><strong>113,731,632</strong></td>
</tr>
</tbody>
</table>

As of August 2007, amount totalling Rs 113,731,632 and Rs 15,351,470 were paid by the MHL to the public company for settlement of claims from the Contractors and Consultants respectively for the four projects.

Payments for extension of time with costs (EOT)

Project 1. As of August 2007, an amount of Rs 2,393,052 in excess of the contract sum of Rs 33,985,600 was paid to the Contractor. This included a sum of Rs 1,899,271 for EOT, paid in June 2007, due to squatting problems in July 2005.

Project 2. As of August 2007, an amount of Rs 3,058,914 exceeding the contract sum of Rs 30,798,130 was paid to the Contractor. This included an amount of Rs 2,564,022 for EOT, also paid in June 2007, due to squatting problems in July 2005.

Consultancy Services

In December 2000, a Consultancy firm was appointed to carry out the design and supervision of housing projects and on-site services for the sum of Rs 11,522,000. As of August 2007, additional fees of Rs 3,671,646 were paid to the Consultancy firm mainly due to late completion of works on Projects 1 to 4 as a result of squatting in July 2005.

Variation works

Variation works totalling Rs 3,338,758 were paid for Project 1, 2 and 4 as shown in Table 25-2.
**Table 25-2 Expenditure on Variation Works**

<table>
<thead>
<tr>
<th>Project</th>
<th>Variation works (Rs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1,637,450</td>
</tr>
<tr>
<td>2</td>
<td>864,225</td>
</tr>
<tr>
<td>4</td>
<td>837,083</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>3,338,758</strong></td>
</tr>
</tbody>
</table>

Included in payments for variation works was a sum of Rs 1,642,692, i.e 49 per cent, paid to the Contractors for repairs to squatted housing units in July 2005.

*Poor Project Design*

**Project 1.** Under item 5.5 of the Bill of Quantities, no galvanized chain link fencing was provided for sites A & C. However, 671 metres of chain link fencing, costing Rs 2,165,800 were used on these sites, indicating poor project design.

**Project 3.** Under item 3.14 of the Bill of Quantities, the contract provided for the construction of two manholes. However, 12 manholes were constructed at a cost of Rs 281,700. Thus, estimation of works was not properly done.

*Ministry’s Reply*

By the very nature of civil engineering works, amendments to the tender design are common practices, since this is subject to ground conditions encountered during excavation works. In this particular case, additional manholes had to be constructed due to unforeseen constraints at the leaching field sites.

**Sale of housing units - Project 3**

In September 2004, the Housing Company approved the following criteria for sale of housing units at Trou-Aux-Biches:

- Beneficiaries should not be the owner of a residential plot of land or of a housing unit; and
- Beneficiaries should be able to make a housing deposit of at least Rs 200,000 and have the capacity to service the monthly mortgage payments.

Out of 76 housing units constructed, 21 units were sold to minors including one guaranteed by an employee of the Housing Company. Thus, the first condition was circumvented through the sale of housing units to minors.

Nine housing units were sold to Mauritians living abroad. It is not understood how sale of housing units to Mauritians living abroad could alleviate the problem of housing in Mauritius.
Site visit

During a site visit effected by my Officers in September 2007, the boundary wall built at a cost of Rs 3,701,738 was completely damaged. This comprised the chain link fencing which had been reported lost in April 2007. Absence of this boundary wall renders the Housing Estate prone to flooding due to the proximity of the Latanier River.

25.2.2 Maintenance of Housing Estates

Capital expenditure of the order of Rs 44,263,464 was met by the MHL in 2006-07 for the maintenance of housing estates as well as for the running of sewer system.

- Co-owners were required to contribute to a fund to meet common expenses through the creation of a syndic. However, in the absence of syndic, Government has had to address the major problems occurring in the housing estates. Expenditure on the maintenance of private property was therefore met from public funds.

- In 2006-07, the MHL incurred expenditure totalling Rs 3,090,333 on sewer treatment plants and pumping stations for several housing estates instead of these costs being met by the inhabitants themselves.

- Maintenance works were carried out as a result of misbehaviour of co-owners and squatting. Examples included:-
  - Electrical wiring network was tampered by the residents in Camp Le Vieux and La Tour Koenig, resulting in remedial works, costing some Rs 15 million to Government.
  - Infrastructure works at three sites were damaged by squatters in 2005 and had to be rehabilitated at a cost of Rs 24,783,766.

Ministry’s Reply

- The issues raised would probably be solved once the Service Level Agreement between this Ministry and the public company is signed. The draft Service Level Agreement has been forwarded to the Ministry of Finance and Economic Development (MOFED) for views and a reply is still being awaited.

- With regard to expenses incurred on sewerage treatment plants and pumping stations being met by the inhabitants themselves, it is to be noted that the MOFED has since 10 October 2007 indicated to the Ministry of Public Utilities that recurrent sewerage expenses on public housing estates be incurred by the residents themselves through appropriate billing by the Wastewater Management Authority.